

HOUSE BILL 409

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Q4

2004 Regular Session  
4r1256  
CF 4r0627

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By: **Delegates Impallaria, Jennings, McDonough, Amedori, Anderson, Aumann, Bates, Boteler, Bromwell, Burns, Cadden, Cardin, G. Clagett, Cluster, Costa, C. Davis, DeBoy, Dwyer, Edwards, Elliott, Elmore, Feldman, Frank, Fulton, Gilleland, Glassman, Goldwater, Goodwin, Haddaway, Hammen, Hennessy, Hogan, Holmes, James, Kach, Kaiser, Krebs, McConkey, Miller, Moe, Myers, Owings, Parrott, Quinter, Ross, Shank, Smigiel, Sophocleus, Sossi, Stocksedale, Stull, Taylor, Trueschler, Vaughn, Weir, Weldon, and Zirkin**

Introduced and read first time: January 29, 2004  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Exemption - Veterans Organizations**

3 FOR the purpose of providing an exemption from the sales and use tax for sales to  
4 certain veterans organizations; and generally relating to the sales and use tax  
5 and exempting sales to certain veterans organizations.

6 BY repealing and reenacting, with amendments,  
7 Article - Tax - General  
8 Section 11-204  
9 Annotated Code of Maryland  
10 (1997 Replacement Volume and 2003 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Tax - General**

14 11-204.

15 (a) The sales and use tax does not apply to:

16 (1) a sale to a cemetery company, as described in § 501(c)(13) of the  
17 Internal Revenue Code in effect on July 1, 1987;

18 (2) a sale to a credit union organized under the laws of the State or of the  
19 United States;

20 (3) a sale to a nonprofit organization made to carry on its work, if the  
21 organization:

- 1 (i) 1. is located in the State;
- 2 2. is located in an adjacent jurisdiction and provides its  
3 services within the State on a routine and regular basis; or
- 4 3. is located in an adjacent jurisdiction whose law:
- 5 A. does not impose a sales or use tax on a sale to a nonprofit  
6 organization made to carry on its work; or
- 7 B. contains a reciprocal exemption from sales and use tax for  
8 sales to nonprofit organizations located in adjacent jurisdictions similar to the  
9 exemption allowed under this subsection;
- 10 (ii) is a charitable, educational, or religious organization;
- 11 (iii) is not the United States; and
- 12 (iv) except for the American National Red Cross, is not a unit or  
13 instrumentality of the United States;
- 14 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens'  
15 organization made to carry on its work, if the organization:
- 16 (i) is located in the State; and
- 17 (ii) receives funding from the State or a political subdivision of the  
18 State;
- 19 (5) a sale to a volunteer fire company or department or volunteer  
20 ambulance company or rescue squad located in the State made to carry on the work of  
21 the company, department, or squad;
- 22 (6) a sale of tangible personal property to a nonprofit parent-teacher  
23 association located in the State if the association makes the purchase to contribute  
24 the property to a school to which a sale is exempt under item (3) of this subsection or  
25 § 11-220 of this subtitle; [or]
- 26 (7) a sale to a nonprofit organization made to carry on its work, if the  
27 organization:
- 28 (i) is qualified as tax exempt under § 501(c)(4) of the Internal  
29 Revenue Code; and
- 30 (ii) is engaged primarily in providing a program to render its best  
31 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances  
32 occurring in United States coastal and tidal waters; OR
- 33 (8) A SALE TO A BONA FIDE NATIONALLY ORGANIZED AND RECOGNIZED  
34 ORGANIZATION OF VETERANS OF THE ARMED FORCES OF THE UNITED STATES OR AN

1 AUXILIARY OF THE ORGANIZATION OR ONE OF ITS UNITS, IF THE ORGANIZATION IS  
2 QUALIFIED AS TAX EXEMPT UNDER § 501(C)(19) OF THE INTERNAL REVENUE CODE.

3 (b) The sales and use tax does not apply to a sale by:

4 (1) a bona fide church or religious organization, if the sale is made for  
5 the general purposes of the church or organization;

6 (2) a gift shop at a mental hospital that the Department of Health and  
7 Mental Hygiene operates;

8 (3) a hospital thrift shop that:

9 (i) is operated by all volunteer staff;

10 (ii) sells only donated articles;

11 (iii) contributes the profits from sales to the hospital with which the  
12 shop is associated; and

13 (iv) is not operated in conjunction with a gift shop or another retail  
14 establishment;

15 (4) a vending facility operated under the Maryland Vending Program for  
16 the Blind if:

17 (i) the facility is located on property held or acquired by or for the  
18 use of the United States for any military or naval purpose; and

19 (ii) a post exchange or other tax exempt concession is located and  
20 operated on the same property; or

21 (5) an elementary or secondary school in the State or a nonprofit  
22 parent-teacher organization or other nonprofit organization within an elementary or  
23 secondary school in the State for the sale of magazine subscriptions in a fund-raising  
24 campaign, if the net proceeds are used solely for the educational benefit of the school  
25 or its students, including a sale resulting from an agreement or contract with an  
26 organization to participate in a fund-raising campaign for a percentage of the gross  
27 receipts under which students act as agents or salespersons for the organization by  
28 selling or taking orders for the sale.

29 (c) To qualify as an organization to which a sale is exempt under subsection  
30 (a)(3) or (5) of this section, the organization shall file an application for an exemption  
31 certificate with the Comptroller.

32 (d) The Comptroller may treat the possession of an effective determination  
33 letter of status under § 501(c)(3) or (13) of the Internal Revenue Code from the  
34 Internal Revenue Service as evidence that an organization qualifies under subsection  
35 (a)(3) or (5) or (1) of this section, respectively.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2004.